



August 5, 2011

Dr. Dwayne Breger  
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**Re: Proposed Forward Schedule of the Solar Carve-Out ACP Rate**

Dear Dr. Breger:

TransCanada Power Marketing Ltd. ("TransCanada") appreciates the opportunity to provide comments on the DOER's proposal to establish a 10 year fixed schedule for ACP rates for the RPS Class I solar carve out program. TransCanada supports the approach of fixing the rates for a ten year period. We agree with the DOER that it provides much greater certainty with respect to project financing and for electricity suppliers, whose most popular contract offering is forward, fixed prices.

The DOER acknowledges in its announcement that PV installation costs have decreased steadily and significantly over the last several years. TransCanada therefore urges the DOER to consider at the same time the merits of also adjusting lower the fixed auction price of \$300/MWh starting sometime inside the initial 10 year forward schedule. TransCanada infers from the DOER's proposal to reduce the ACP to \$365/MWh by 2021 that at some point prior to 2021, the DOER's projections show the expected PV installation costs to fall below \$300/MWh. It would be inappropriate to maintain a market floor price higher than expected PV installation costs and inconsistent with the DOER's interest to protect ratepayers from unnecessary cost impacts. After establishing the initial 10 year schedule, the DOER would then include in its annual announcement in January both the ACP rate and the fixed auction price for the compliance year ten years later.

Regards

Stuart Ormsbee  
Manager, Power Marketing